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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

No. 108

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

PETITIONER'S REPLY BRIEF.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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PETITIONER'S REPLY BRIEF.

I. Respondent Argues Only as to the Facts.

Respondent Stiffel's position rests solely upon its contention that the facts presented by the record in this case do not support the question before the Court in this review. Respondent concedes at the very outset of its argument (Respondent's Brief, p. 10) that, as to the law, "there is no occasion for respondent to quarrel" and "respondent certainly does not dispute the basic point."

II. Respondent Erroneously Represents That Petitioner Is Not "Perpetually" Enjoined From Copying the Invalid Patent Design.

At page 2 of Respondent's Brief, an erroneous statement is advanced as the cornerstone of respondent's argument:

"The petitioner was not 'perpetually', or in any way,

enjoined from making the subject matter of respondent's patents. It was enjoined from further acts of 'unfair competition' in doing so. Petitioner has every right under the judgment below to make the products of respondent's patents, provided only that it do so 'fairly', marking them in such manner as to avoid confusion as to source of the product."

Without the slightest doubt or ambiguity, the very words of the Judgment below contradict respondent:

> "3. Defendant and its agents, representatives and employees, are hereby enjoined from unfairly competing with plaintiff by selling or attepting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10." (District Court Judgment, R. 68.)

The clear meaning of the injunctive commandment is that petitioner may not sell or attempt to sell pole lamps which are the identical subject matter of the invalid design patent. There is no qualification whatever as to the manner or mode of such sale, fair or unfair, labeled or unlabeled. The injunction is absolute, unlimited, and perpetual. Certainly the Solicitor General, in the brief for the United States as *Amicus Curiae* herein, concurs with Petitioner's reading of the Judgment.[1] Even disinterested legal commentary, which this case has recently generated, confirms the correct and clear reading of the perpetual injunction herein as being an unlimited one against copying the invalid patent design.[2]

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1. In commenting upon the hearsay testimony of a department store buyer to the effect that a complaining customer had seen a Sears pole lamp "exactly like" the Stiffel pole lamp for which the customer had paid a higher price: "Certainly far more is required than this cryptic bit of testimony to justify a *blanket prohibition upon the copying of a product*, the patent on which has been invalidated in the very proceeding in which the prohibition was entered." (Brief for the United States as Amicus Curiae, p. 38.)

2. In 32 Geo. Wash. L. Rev. 149 (1963), at p. 154: "If the court desired to protect the public in the instant case [313 F. 2d

III. Respondent Erroneously Represents That Petitioner's Products Were Unlabeled and Unmarked.

At pages 12 and 18 of Respondent's Brief, an erroneous statement is twice advanced as the crown of respondent's argument:

> "It would seem that the brief amicus for the Government is almost wholly unaware that in this case, at least as to the pole lamps Pl. Ex. 10, there was no label and no mark identifying them as either a Sears' product *or that of its manufacturer.*" (Emphasis added.) (p. 12.)
>
> * * * * *
>
> "The fact is that petitioner did not in any way label or mark its copy of one of respondent's commercial products. It did not so mark the enjoined product as one made or sold by petitioner *or its manufacturer* in such way as would 'unmistakably inform the public of that fact' which this Court has stated to be essential to fair use of an expired patent." (Emphasis added.) (p. 18.)

The clear and uncontroverted testimony of record contradicts respondent. The direct testimony of respondent's own vice president and sales manager, elicited by respondent through its own counsel, affirmatively established the labeling of the containers for petitioner's enjoined pole

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115], the decision might better have been directed toward protecting a free market rather than granting a *perpetual monopoly* in order to avoid customer confusion." (Emphasis added.) At p. 155: "Where the design has acquired a secondary meaning, it follows that the originator has a property interest which should be protected. Similarly, latecomers should not be allowed to palm off their goods as those of the originator. The court in the instant case has based its decision on neither ground, but instead appears to favor applying principles of 'old fashioned honesty.'[2] This interpretation will aid in avoiding confusion among the purchasing public, *but will result also in perpetual monopolies on designs* which would otherwise have been available to the public in a free competitive market." (Emphasis added.)

lamp (Plaintiff's Exhibit 10) in such a way as "unmistakably" informed petitioner that the product was manufactured by petitioner's supplier Randolph Metals and was not the product of respondent:

> "Q. Is that the lamp marked Plaintiff's Exhibit No. 10?
>
> A. Yes, sir.
>
> Q. Did you get that, then, from your salesman?
>
> A. Yes. The salesman shipped it to us and he got it from Sears Roebuck.
>
> Q. Now, it was shortly after that that the suit was filed in Greensboro, was it not?
>
> A. I believe so.
>
> Q. And the suit was filed in Greensboro in 1957?
>
> A. I believe that is correct.
>
> Q. At that time, did you know who manufactured the Sears lamps?
>
> A. *I found out who manufactured the Sears lamp because I took the label off the carton the Sears pole lamp came in.*
>
> Q. Was it at that time you learned of Randolph Metals?
>
> A. *That is how we learned who the manufacturer was.*" R. 28 (Emphasis added.)

Because of this clear and uncontradicted testimony, there could not have been, and indeed there was not, any finding by the District Court that petitioner failed to label or mark its pole lamps "as either a Sears' product or that of its manufacturer."[3]

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3. Just as respondent recognized by using a detachable tag (Plaintiff's Exhibit 5, R. 73-74), so also has commercial business practice, statutory law, and case law long recognized the use of temporary labels and packaging as means of source identification which are preferable to such permanent marking of the product itself as would detract from its aesthetic appearance. The law and both of the parties in this case recognize that no permanent advertising need be affixed to a decorative product, and the manufacturing source may be properly designated by appropriate packaging: 21 U. S. C. § 321 (k, l, m); Ill. S. H. A. Ch. 91, § 55.10; 19 U. S. C. § 1304; 15 U. S. C. § 1127; *Restatement of the Law of Torts*,

It was respondent's erroneous argument before the Court of Appeals, an argument which was not only unsupported but was actually contradicted by the record, which misled the Court of Appeals to make the gratuitous and incorrect statement in its opinion of January 23, 1963 that the Sears lamps are not labeled:

> "*Sears lamps are not labelled,* and the Sears lamp retails at the wholesale price of the Stiffel lamp." R. 113 (Emphasis added.)

The same erroneous argument is repeated before this Court by respondent. The proven facts of record still remain to the contrary.

IV. Conclusion.

Respondent's erroneous fact argument is essentially unrelated to the question of law before this Court.

While respondent maintains that the spirit of the injunction against petitioner is merely against a manner of unfair selling practice, it ignores the reality that the clear language of the injunction is sweepingly against selling the design of an invalid design patent, and not merely from selling in a defined unfair manner.

Although the only "unfairness" which respondent can point to is that of petitioner's purported failure to label adequately its goods, the record shows that petitioner labeled its containers well enough so that respondent had no problem in immediately identifying the manufacturing source when it purchased the identical product here enjoined and removed the label.

Respondent has presented no dispute as to the important question of law presented upon this petition. Instead, Re-

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§ 718(b); *Morse-Starrett Products Co.* v *Steccone*, 86 F. Supp. 796 (D. C. Calif. 1949); *Barron-Gray Packing Co.* v *Bruce's Juices, Inc.*, 162 F. 2d 217 (CCPA 1947).

spondent asks that the erroneous and economically destructive rule of law established in this case by the decisions below be allowed to stand because of Respondent's erroneous reading of the Judgment and the testimony of record. The Judgment below should be reversed upon the question presented.

Respectfully submitted,

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